

**AMENDMENT#1
TO
RFA#TIRNO-99-H-00002/PROJECT 5
USE OF ELECTRONIC POSTMARK
BY
AUTHORIZED ELECTRONIC RETURN TRANSMITTERS**

IMPORTANT: This amendment extends the due date for proposals for the 2000 filing season. The closing date for delivery of proposals is extended from June 3, 1999 to June 4, 1999. This is a change in Section 3.0, Delivery of Proposal/Project Plan for this RFA/Project 5.

The purpose of this amendment is to respond to various questions from firms who have expressed interest in this project. The IRS answers below amend the text of the Project 5 RFA to the extent that they provide additional information. Except as stated in this amendment, there are no changes to the Project 1 RFA which was issued on April 30, 1999.

Question #1:

Define "Host Computer System" as referenced in Attachment 2 (memorandum of agreement, Section 4.a): Will this be the computer system which was used to prepare the individual tax return or is this the computer system wherein which the return will eventually be transmitted to the IRS Service Centers?

Answer#1:

The host computer system that provides the electronic postmark is the host computer of the transmitter that will transmit the return to the IRS Service Center.

Question #2:

Would the electronic postmark be made at those offices or at the transmitter site? or is it a prerogative of the participant to determine this?

Answer #2:

The electronic postmark is to be created by the transmitter's host computer.

This answer to Question 2 is addressed in several places in the Project 5 Request for Agreements (RFA). Creation of the electronic postmark by the host computer of the transmitter is required, as defined in the Regulation (See RFA Attachment 1). "Electronic Postmark is defined as the date and time the electronic return is first received on the authorized transmitter's host, in the taxpayers time zone." The RFA's Attachment 2, item 4 (iv) indicates " the time of the day that the Participant first received the return on its host system". Also, it is stated in the regulation which is referenced in footnote 2 of the RFA. The regulation further states "...if the taxpayer and the electronic transmitter are located in different time zones, it is the time in the taxpayer's time zone that controls the timeliness of the electronically filed document".

Question #3:

Should there be a processing problem in the host computer system which disables the participant's ability to provide the Electronic Postmark, will the participant have the authority to back-stamp the return retroactively, so as to render the return as still "technically" timely filed?

Answer #3:

The IRS will consider whether we will authorize the pilot participant to back-stamp the return in the instance of a processing problem. Participants are required to notify the IRS of such problems in accordance with 8. j and k of the Memorandum of Agreement (MOA), Attachment 2 to the RFA. The really important issue here is if the processing problem occurred on April 15. Offerors, responding to the RFA, shall describe in their Project Plan how the transmitter's host computer will determine and create an accurate electronic postmark for electronic returns received during periods of system outage or when there are other processing problems.

Question #4:

Will the electronic postmark reflect the time zone and date and time information at the physical location of the taxpayer (where he is filing the return) or where his home address on the return is? (this will probably be answered in question 1, if so, just disregard this).

Answer #4:

The Regulation states " the term electronic postmark means a record of the date and time (in a particular time zone) that an authorized electronic return transmitter receives the transmission of the taxpayer's electronically filed document on its host system. However, if the taxpayer and the electronic return transmitter are located in different time zones, it is the time in the taxpayer's time zone that controls the timeliness of the electronically filed document." The standard wording that will be provided by the IRS for use in providing the electronic postmark to the taxpayer will advise the taxpayer to extrapolate the time in the time zone of his home address to determine timeliness of filing of the electronic return.

Question #5:

Is the burden of fraud detection and prevention a part of the participant's responsibilities in cases where the electronic postmark is created at the field offices and the system dates had been altered to reflect fraudulent information.

Answer #5:

As described in 8 n (I) and (ii) of the MOU, the transmitter must establish security procedures to prevent unauthorized access to the electronic postmark information and alteration and manipulation of the electronic postmark. The electronic postmark would not be created at a field office. It must be created at the site of the transmitters host computer. The authorized IRS e-file transmitter that is authorized by the MOU to provide an electronic postmark is responsible for the accuracy of the electronic postmark.

- END OF AMENDMENT-